

## **Historic, Archive Document**

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ACCOUNTING FOR COMMODITIES ACQUIRED THROUGH  
FACILITIES OF DAIRY PRODUCTS MARKETING ASSOCIATION, INC.  
FOR THE GCP PROGRAM STOCKPILE

I. GENERAL

This instruction is predicated upon 1944-45 Butter and Cheese Purchase Agreement, dated May 1, 1944, identified as Contract No. Aw-f(F)1759, between the CCC(OD) and the Dairy Products Marketing Association, Inc. The Association, acting for the account of CCC(OD) is authorized to purchase, handle, sell, or otherwise dispose of butter and butter oil and cheese, and render or provide all necessary services in connection therewith, including assembling, transporting, storing, printing, packaging, and other services incidental thereto. The Association is required to maintain records which clearly show all transactions with respect to all dairy products purchased and disposed of and to keep such other accounts and records and furnish such other information and reports as may be requested by CCC(OD).

II. PURCHASES

The Procurement and Price Support Branch of CCC(OD) (hereinafter referred to as Procurement) will issue all instructions to DPMA as to quantities, time, and other terms under which DPMA will procure butter and cheese. Such instructions in the form of a purchase authorization, numbered consecutively, will be over the signature of the Chief of Procurement or his designee. A signed copy of each purchase authorization issued to DPMA will be furnished by Procurement to the Federal Reserve Bank, Chicago, Illinois. Commodity procured under purchase authorizations will be considered and accounted for as inventory of CCC(OD) upon issuance of sight drafts by DPMA in payment thereof. DPMA, as agent for CCC(OD), will assume responsibility and accountability for such inventory.

When the Association acquires commodities for the account of CCC(OD) it will prepare a "Journal of Additions to Inventory" (Exhibit A) and it will issue drafts on CCC(OD) account in the Chicago Federal Reserve Bank, a separate draft for the purchase price of each kind of product. The drafts will be endorsed by the payee or payees thereof or accompanied by a guaranty of indemnity, and will indicate the Association purchase contract number, CCC(OD) purchase authorization number, and quantity purchased. The Association will, on a "Request for Disbursement" (Exhibit B), request CCC(OD) to honor such drafts for payment

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from a DPMA drawing account against CCC(OD) in the Bank. Each such request will be accompanied by the following documents:

- A. An invoice, showing with respect to such butter or cheese, the warehouse receipt numbers or the identification of other documents of title, the weight and grade certificate number, the commodity code symbols, the grade or type, the quantity of each grade and type, the purchase price of each grade and type, the allowances, if any, made for assembling, packaging, processing, inspection, and handling; and the serial number and total amount of the draft.
- B. Non-negotiable warehouse receipts, or other documents of title representing the purchased butter or cheese.
- C. Weight and grade certificates or such other evidence of weight and grade as may be specified by CCC(OD).
- D. Or in lieu of the documents described in sub-paragraphs A, B, and C, above, a trust receipt (Exhibit C) representing such documents. Documents for which trust receipts are given pursuant to this sub-paragraph shall be held by one or more employees of the Association approved by the CCC(OD) as custodians.

The request for payment, with drafts and supporting documents, will be submitted by DPMA direct to the Bank for payment. The Bank will be acting as an agent of CCC(OD) in accepting the drafts and exercising limitation controls over the expenditure of the funds authorized to be drawn under the agreement and over the quantity of commodity to be procured under each purchase authorization.

### III. EXPENSES

#### A. Operating Expenses

The Association will prepare a "Journal of Additions to Inventory" (Exhibit A), and will issue drafts on CCC(OD) account as described in paragraph II for operating expenses at the rate of \$.0007 per pound of butter or cheese purchased for the account of CCC(OD) and a "Request for Disbursement" (Exhibit B), supported by a separate invoice for the amount payable with respect to each kind of product. The amount payable as operating expenses will be subject to adjustment if CCC(OD) determines that payment of such amounts requested has resulted or will result in the payment to the Association of an amount which is not substantially equal to such operating expenses.

#### B. Incidental Expenses

The Association will also prepare "Journal of Additions to Inventory", issue drafts in like manner, and requests for payment of an



amount equal to actual costs incurred by the Association in connection with assembling, storing, handling, transporting, processing, inspecting, packaging, and delivering butter and cheese, and rendering or providing other necessary services. CCC(OD) will pay the amount of such costs by accepting drafts covering such costs upon the Association's request and certification (Exhibit B) that such costs were properly incurred.

#### IV. INVENTORY DISPOSITIONS

The Shipping and Storage Branch of CCC(OD) will assume responsibility and accountability for the inventory at the time of shipment from DPMA CCC(OD) inventory. The Association will furnish CCC(OD) in Washington weekly a detailed position inventory similar in form to "DPMA Analysis of Butter Inventory and Unfilled Contracts", transmitting the original and five copies to Procurement. Procurement will distribute one copy each to Shipping and Storage Branch, Finance Division, and Program Liaison.

All orders for shipment will be issued to DPMA by Shipping and Storage Branch of CCC(OD) over the signature of a designated officer in the form of "Notice to Deliver", Form FDA-194. The "Notice to Deliver" will specify destination, quantity, delivery dates, packaging, and other pertinent details of the shipment. Shipping and Storage Branch will furnish DPMA with QMR and FAS numbers and delivering carrier. DPMA will ship on commercial bill of lading endorsed for exchange for government bill of lading at CCC(OD) destination, based upon commercial bill of lading and information furnished to destination representative of CCC(OD).

DPMA will prepare an abstract of deliveries from inventory (twenty copies) to reflect specific assignment of lots used in filling each shipping order and identified by purchase authorization numbers, and will forward the abstracts to Procurement in Washington for distribution in the same manner as purchase abstracts.

The Association will retain the original Notice to Deliver and a copy of the government bill of lading executed by the carrier as evidence of delivery. If a warehouseman makes shipment, he will be requested to transmit a copy of the government bill of lading to DPMA for the purpose stated.

Immediately upon delivery to the carrier, the Association will either prepare wire notice of shipment or have the warehouseman prepare it, addressed to the Shipping and Storage Branch, New York, advising date shipped, shipping ticket number and sub-number, car number, (and if shipped for export, the QMR and FAS numbers), name of shipper, consignee, quantity and size of unit, net weight, commodity code symbol,

and cumulative cost value of the shipment reported, DPMA will be relieved of further responsibility for shipment, storage, or handling of any lot after the carrier has executed bill of lading which shall evidence delivery to the custody of Shipping and Storage Branch.

The Association or warehouseman will prepare loading manifests showing information provided for therein and also the commodity code symbol. The copies of the manifests and remaining copies of government bills of lading will be distributed as directed in "Document Distribution Instruction to Vendors", Form FDA-345, which will be furnished by the Shipping and Storage Branch.

Confirming the wire notices of shipment, the Association will prepare a journal schedule of "Deliveries from Inventory" (Exhibit D), showing the same information as was wired. If, at the date of delivery, the actual recorded cumulative cost value of the commodity delivered is the same as the cost value (estimated) shown on the abstract of deliveries from inventory (mentioned above) prepared at the time specific lots were assigned for shipment, signed copies of the abstract may be used as the journal schedule required herein by amending the heading thereof to conform to the heading of the journal schedule prescribed herein. Since the journal schedule of "Deliveries from Inventory" is to be used as an accounting document, it is essential that it reflect the recorded cost value as at the date the transaction (delivery) occurs, and not at the date certain lots may be assigned for future shipment. Two copies of this journal schedule will be furnished the Finance Division in Washington (for use of Commodity Accountability and Quotations Sections), and subsequently the original to the Finance Division, Program Accounting Section, in New York City, attached to and in support of "Request for Adjustments in Official Program Accounts" (see paragraph V). The Commodity Accountability Section will prepare position inventory cards from the wired notice of shipment as relayed by the Shipping and Storage Branch. It will then prepare its financial inventory record. During this operation it will segregate and identify the reproduced acquisition cards for Program Accounting Section in order to properly classify the accounting record to be made therefrom. The usual procedure from this point on will prevail in the Commodity Accountability Section.

V. ADJUSTMENT BETWEEN OFFICIAL PROGRAM DRAWING ACCOUNTS

After delivering the inventory to the accountability of Shipping and Storage Branch of CCC(OD) as described in paragraph IV, DPMA will prepare a "Request for Adjustments in Official Program Accounts" in an original and three copies. It will attached to the original of this form a signed original of the journal schedule of deliveries from inventory, the Notice to Deliver, and copy of government bill of lading pertaining to shipments made, will indicate on each copy of the Request



the distribution thereof, and shall submit the original Request and two copies, with attachments, to the Midwest Regional Finance Office of CCC(OD), Chicago, Illinois. The distribution of the copies of the Request shall be indicated thereon as follows: Original, with supporting documents, for Office of Distribution, Finance Division, Program Accounting Section, 150 Broadway, New York City; first accomplished copy for return to the Association; second copy for the Midwest Regional Finance Office files.

The Midwest Regional Finance Office will examine the Request and supporting documents and, if proper, will approve it in the space provided for certificate for CCC(OD) GCP. It will then forward the original, with attachments, to the Program Accounting Section and a copy to the Association.

#### VI. RECORDS TO BE MAINTAINED

##### A. By the Association

The Association will maintain, on a form similar to DPMA Form B5 (1943), a subsidiary inventory ledger for CCC(OD) with a separate account for each kind of product classified by 7-digit commodity code symbols. Commodity code symbols currently in use are shown herein in Memorandum I. Additional commodity code symbols, as required, will be furnished by the Finance Division, Quotations Section, in Washington, upon request. Such requests for additional commodity code symbols should contain complete information regarding the commodity as to grade, variety, type, primary container, outer packaging, etc., and any other descriptive data necessary for proper classification of the item and assignment of 7-digit commodity code symbol. In addition, the Association should maintain any auxiliary records it deems necessary for its own purposes. It is recommended that the Association maintain:

1. A record of the net drawings against the CCC(OD) \$90,000,000 fund specified in paragraph 2 of the contract (i.e., a record of the amounts of drafts issued less amounts of approved "Requests for Adjustments in Official Program Accounts", received from the Bank).
2. A purchase authorization control for each purchase authorization, inasmuch as such authorizations constitute "the directions of Commodity to purchase", as stated in paragraph 1 of the contract. This record should provide information as to the balance of the quantity to be purchased under an authorization.

B. By the Program Accounting Section

The Program Accounting Section will establish the following additional accounts in its GCP Program Ledger:

<u>Symbol</u>	<u>Title</u>
20.15	Inventory - DPMA
60.39	DPMA Drawing Account

The account "Inventory - DPMA" will be a debit balance account maintained to show the cumulative cost value of GCP commodity for which DPMA is responsible.

The account "DPMA Drawing Account" will be a credit balance suspense account maintained to show the accountability of DPMA for amounts drawn by sight drafts against CCC funds until adjustment of accountability is effected by transfer of the drawings to the GCP Program drawing account.

VII. ACCOUNTING

When DPMA acquires inventory for CCC(OD), it will issue sight drafts in payment, and it will report the details and total cost thereof to the Program Accounting Section on a journal schedule of "Additions to Inventory" (Exhibit A). It will record the details in the CCC(OD) inventory subsidiary ledger.

On the basis of this journal, the Program Accounting Section will record the following entry in the GCP Program general ledger:

Dr. 20.15 Inventory - DPMA

Cr. 60.39 DPMA Drawing Account

Any increase in cost value of inventory through the amount of processing costs, operating or incidental expenses, will be reported and recorded in like manner.

When DPMA delivers inventory pursuant to orders from CCC(OD), it will wire CCC(OD) the information specified under paragraph IV. It will confirm the wire promptly to Commodity Accountability Section and Quotations Section of Finance Division, OD, Washington, D. C. in detail on a journal schedule of "Deliveries from Inventory" (Exhibit D). It will retain the original for attachment to "Request for Adjustments in Official Program Accounts" as described below.



Upon receipt of advice from Commodity Accountability Section of the delivery from DPMA to CCC(OD), the Program Accounting Section will process the following entry:

Dr. 20.10 Inventory - Continental

Cr. 20.15 Inventory - DPMA

Upon receipt of copy of "Request for Adjustments in Official Program Accounts", and supporting documents, forwarded by the Midwest Regional Finance Office, as described in paragraph V, the Program Accounting Section will process it for recording the following entry:

Dr. 60.39 DPMA Drawing Account

Cr. 60.31 Drawing Account with CCC

It will check off each carlot reported by DPMA on the journal schedule of "Deliveries from Inventory" (Exhibit D) with the carlots in the acquisition advice from Commodity Accountability Section. These journal schedules will be maintained in a suspense file until all items thereon have been reported on by the Commodity Accountability Section. Any open items on the journal schedule of deliveries will be used by the Program Accounting Section in effecting a reconciliation of the trial balance of the subsidiary inventory ledger, referred to in paragraph IX, furnished by DPMA at the end of each accounting month, with the general ledger control account 20.15 "Inventory - DPMA."

No accounting will be performed by DPMA for transactions occurring subsequent to delivery of the inventory to CCC(OD), i.e., delivery to CCC(OD) will constitute disposition by DPMA, and DPMA will assume no further accounting functions for commodity delivered to CCC(OD).

#### VIII. REPORTS

The Association will furnish the following monthly reports to CCC(OD) on or before the 10th day of the succeeding month:

1. Trial balance (Exhibit E) of subsidiary inventory ledger as at the end of each accounting month, the total of which must agree or be reconcilable with the general ledger control account 20.15 "Inventory - DPMA" in Program Accounting Section. This trial balance will be distributed as follows:

Original to Finance Division, Program Accounting Section,  
New York City.

Two copies to Finance Division (Quotations and Commodity Accountability Sections), Washington, D. C.

2. Comparative monthly statement of operating (Administrative) expenses actually incurred by DPMA and amounts charged by DPMA to CCC(OD).

This statement will be distributed as follows:

Original to Finance Division, Program Accounting Section,  
New York City.

Two copies to Finance Division (Quotations Section and Chief  
Fiscal Officer), Washington, D. C.

IX. VERIFICATION OF SUBSIDIARY INVENTORY LEDGER TRIAL BALANCE

Upon receipt of the trial balance of the subsidiary inventory ledger from DPMA, the Program Accounting Section will verify the total thereof with the general ledger account 20.15 "Inventory - DPMA." In the event that the amount of the trial balance does not agree with the balance of the control account, it will be necessary to reconcile the two by taking into consideration the deliveries from DPMA inventory, reported on the journal schedule of deliveries, which have not been taken up as acquisitions by Commodity Accountability Section, and such other items as are necessary to effect the reconciliation of the difference. Any reconciling items outstanding longer than a month should be investigated and corrective action should be initiated.

X. VERIFICATION OF TOTAL DRAWINGS BY DPMA

The Federal Reserve Bank will furnish Finance Division (Program Accounting Section), New York City, monthly the total amount of sight drafts accepted from DPMA during the month. The Program Accounting Section will effect a comparison between the reported net drawings by DPMA and the recorded net drawings in the account 60.39 "DPMA Drawing Account." If difficulty is encountered in effecting a reconciliation, DPMA shall be requested to assist in the reconciliation.

COMMODITY CODE SYMBOLS

Butter, Creamery - Salted - Class 04

04 20 --- Butter, Creamery - Salted - Boxes

--- 1--- Bulk

--- 3--- Prints or Rolls, Parchment Wrapped

--- 4--- Prints in 1 Lb. Cartons

--- -1- Domestic Packaging

--- -2- Export Packaging

--- -1 U. S. Grade AA - 93 Score

--- -2 U. S. Grade A - 92 Score

--- -3 U. S. Grade B - 90 Score

--- -4 U. S. Grade C - 89 Score

--- -5 U. S. Cooking Grade

--- -6 No Grade

04 30 --- Butter, Creamery - Salted - Canned - One Grade per Can

--- 2--- 5 to 10 Lb. Cans

--- -1- Domestic Packaging

--- -2- Export Packaging

--- -1 U. S. Grade AA - 93 Score

--- -2 U. S. Grade A - 92 Score

--- -3 U. S. Grade B - 90 Score

--- -4 U. S. Grade C - 89 Score



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## Butter, Creamery - Salted - Class 04 (Cont.)

04 43 --- Butter, Creamery - Salted - Paper Bags

-- -- 1-- Bulk

-- -- -1- Domestic Packaging

-- -- -2- Export Packaging

-- -- --1 U. S. Grade AA - 93 Score

-- -- --2 U. S. Grade A - 92 Score

-- -- --3 U. S. Grade B - 90 Score

-- -- --4 U. S. Grade C - 89 Score

04 50 --- Butter, Creamery - Salted - Tubs

-- -- 1-- Bulk

-- -- -1- Domestic Packaging

-- -- -2- Export Packaging

-- -- --1 U. S. Grade AA - 93 Score

-- -- --2 U. S. Grade A - 92 Score

-- -- --3 U. S. Grade B - 90 Score

-- -- --4 U. S. Grade C - 89 Score

-- -- --5 U. S. Cooking Grade

-- -- --6 No Grade

- 3 -

Cheese - Class 06

06 10 ---	Cheese, Natural - American Cheddar
--- 1--	Cheddars or Twins
--- 2--	Double or Triple Daisies
--- 3--	Flats
--- 4--	Longhorns or Young Americas
--- 5--	Midgets, Natural Loaf, Picnics, or Square Prints
--- 6--	Single Daisies
--- -1-	Domestic Packaging
--- -2-	Export Packaging
--- --1	U. S. Grade AA or U. S. Fancy-Dry
--- --2	U. S. Grade AA or U. S. Fancy-Standard
--- --3	U. S. Grade A or U. S. No. 1-Dry
--- --4	U. S. Grade A or U. S. No. 1-Standard
--- --5	U. S. Grade B or U. S. No. 2-Dry
--- --6	U. S. Grade B or U. S. No. 2-Standard
--- --7	U. S. Grade C or Under Grade

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1. *Phragmites australis* (Cav.) Trin. ex Steud.

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